

OFFICE OF AUDITS & ADVISORY SERVICES



COUNTY TECHNOLOGY OFFICE OFFICERS' TRANSITION AUDIT

FINAL REPORT

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COUNTY TECHNOLOGY OFFICE
GRAND JURY
HUMAN RESOURCES
RETIREMENT ASSOCIATION
TREASURER-TAX COLLECTOR

January 3, 2013

TO: Mikel D. Haas, Chief Information Officer
County Technology Office

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: COUNTY TECHNOLOGY OFFICE OFFICERS' TRANSITION AUDIT

Enclosed is our report on the County Technology Office Officers' Transition Audit (Tuck to Haas). We have reviewed your responses to our recommendations and have attached them to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. The Office of Audits & Advisory Services will contact you or your designee near the end of each quarter to request your response.

Also attached is an example of the quarterly report that is required until all actions have been implemented. To obtain an electronic copy of this template, please contact Joseph Kelly at (858) 495-5655.

If you have any questions, please contact me at (619) 531-5413.

JUAN R. PEREZ
Chief of Audits

AUD:JK:aps

Enclosure

c: Brian M. Hagerty, Group Finance Director, Finance and General Government Group

INTRODUCTION

Audit Objective	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the County Technology Office (CTO). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, W. Harold Tuck, Jr., and incoming officer, Mikel D. Haas, took appropriate actions and filed required reports as of July 24, 2012 in compliance with California Codes, County regulatory requirements, and County policies and procedures. These requirements were explained in the instruction letter provided to each officer.
Background	The County Charter requires that the OAAS conduct such an audit when County officers leave or assume office to determine if certain affidavits, authorizations, disclosures, and reports are properly completed and processed. These actions provide for an orderly transition of officers, establish proper accountability for public assets and promote the County's General Management System (GMS), including its key disciplines of accountability, transparency and ethical conduct, fiscal stability, and continuous improvement and innovation.
Audit Scope & Limitations	<p>The reports are the responsibility of the officer who signs them. The OAAS' responsibility is to provide an opinion on the reports based upon the audit.</p> <p>This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.</p>
Methodology	OAAS reviewed all the reports filed by the outgoing and incoming officers, obtained supporting documentation, and performed limited internal control testing.

AUDIT RESULTS

Summary	In our opinion, there is reasonable assurance that the outgoing and incoming officers took appropriate actions and filed required reports in compliance with California Codes, County regulatory requirements, and County policies and procedures in connection with an officer's transition. However, the exceptions described below were noted.
Finding I:	<p>Minor Equipment Control Procedures Need Improvement</p> <p>OAAS reviewed minor equipment reports provided by the CTO and found the following:</p> <ul style="list-style-type: none">• Incorrect Minor Equipment and Books Inventory Balance Reported – The minor equipment certificate provided by the CTO reported a balance of \$25,202 while their minor equipment inventory list reported a total of \$69,187. Based on our analysis, it appears

that the minor equipment certificate erroneously excluded modular furniture and included two items that had been salvaged prior to the transition date.

- **Minor Equipment Reported But Not Sighted** – Two whiteboards recorded on the minor equipment inventory list with a total cost of \$1,358, were not sighted. According to CTO staff, these two items were salvaged in 2010 or 2011 but not removed from the minor equipment inventory list. The CTO could not provide documentation to substantiate the disposition of these items.

The Auditor and Controller's Administrative Services Division (ASD) assists the CTO with tracking assets and maintaining physical inventory records. The CTO stated that the salvage form had been submitted to ASD for processing. However, ASD's records did not indicate that the form had been received. Therefore, the minor equipment listing was not updated properly.

The County of San Diego Administrative Manual (Admin Manual) Item Number 0050-02-01 indicates that modular equipment should be categorized as minor equipment as each of the components are normally under \$5,000. Further, it states that, "department heads are required to maintain listings of minor equipment items for which they are responsible, adding new items as they are received and deleting items that are disposed of or no longer in use".

Recommendation:

The CTO should strengthen inventory control procedures to ensure minor equipment is recorded and reported in compliance with the Admin Manual. At a minimum, the CTO should:

1. Ensure that the minor equipment listing is updated to reflect the removal of the two whiteboards.
2. Implement a process to improve communication between the CTO and ASD to ensure that the minor equipment listing is timely and accurately updated with asset additions, dispositions, or removal of assets no longer in use.

Office of Audits & Advisory Services

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DEPARTMENT'S RESPONSE



County of San Diego

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County Technology Office

MIKEL HAAS
Chief Information Officer
619-531-5570 office

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ADVISORY SERVICES

12/12/2012
Ref: 12-IA-319

TO: Julie Nieminski
Chief of Audits

FROM: Mikel Haas, CIO
County Technology Office

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: Transition Audit

Finding I: Minor Equipment Control Procedures Need Improvement

OAAS Recommendation 1: Ensure that the minor equipment listing is updated to reflect the removal of the two white boards.

Action Plan: CTO agrees with this finding.
The minor equipment listing has been updated to remove the two white boards.

Planned Completion Date: This action was completed the week of October 8th 2012.

Contact Information for Implementation: Leslie Albrecht-Executive Assistant. 619-531-5570

OAAS Recommendation 2: Implement a process to improve communication between the CTO and ASD to ensure that the minor equipment listing is timely and accurately updated with asset additions, dispositions, or removal of assets no longer in use.

Action Plan: CTO agrees with this finding.


A review process has been activated which insures communication between the CTO and ASD for all changes in the minor equipment inventory.

Planned Completion Date: This action was completed the week of October 8th 2012.

Contact Information for Implementation: Leslie Albrecht-Executive Assistant. 619-531-5570

If you have any questions, please contact Richard Corsi at (619) 595-4628.

Regards,



Mikel Haas
Chief Information Officer